BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

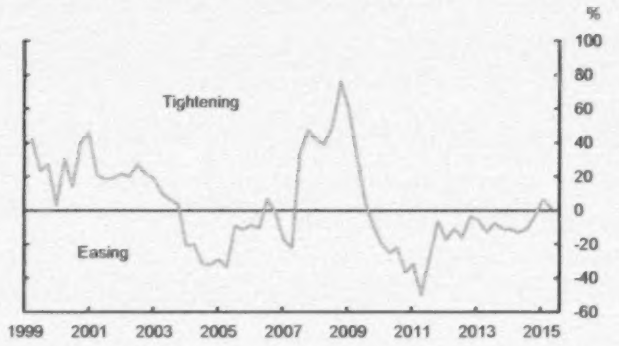
Results of the Second-Quarter 2015 Survey | Vol. 8.2 | 6 July 2015

This *Senior Loan Officer Survey* (SLOS) suggests that, overall, business-lending conditions were broadly unchanged during the second quarter of 2015 (**Chart 1**). This follows tightening in the previous quarter that was specific to the oil and gas sector while, otherwise, lending conditions remained stable following a long period of easing.

- In the second quarter, both price and non-price conditions were essentially unchanged (**Chart 2**).[1,2]
- Price conditions remained unchanged for all types of borrowers. Non-price conditions tightened for corporate borrowers but eased for commercial and small business borrowers.
- The tightening in non-price lending conditions for corporate borrowers was again related to the oil and gas sector and the effects of continued low oil prices. Competition from other lending institutions was cited as the reason for the easing in non-price conditions for commercial and small business borrowers.
- The balance of opinion suggests that, overall, the demand for credit was broadly unchanged in the second quarter of 2015 for all types of borrowers.

Chart 1: **Senior loan officers reported that lending conditions for Canadian non-financial firms were broadly unchanged. . .**

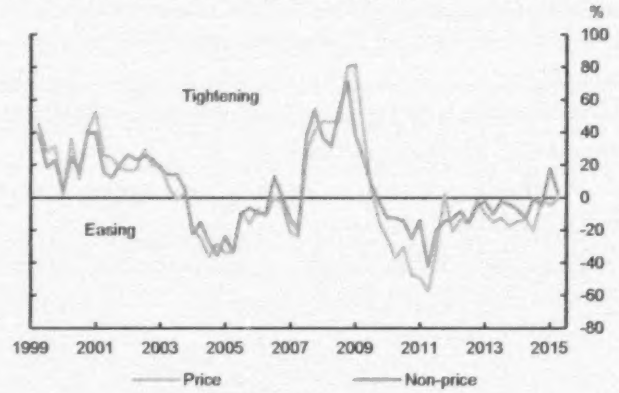
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: **. . . in terms of both price and non-price conditions**

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

[1] The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

[2] Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The second-quarter survey was conducted between 8 and 12 June 2015. Additional information on the survey is available on the Bank of Canada's website. The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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